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EXAMINER

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**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Application Number: 10/054,086
Filing Date: January 22, 2002
Appellant(s): GRABSKI, JOHN R.

Billy Carter Raulerson
(Reg. No. 52,156)
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed December 7, 2006, appealing from the Office action mailed May 4, 2006.

(1) Real Party in Interest

A statement identifying by name the real party in interest is contained in the brief.

(2) Related Appeals and Interferences

The following are the related appeals, interferences, and judicial proceedings known to the examiner which may be related to, directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal:

Pending appeal of U.S. Patent Application No. 10/135,863.

(3) Status of Claims

The statement of the status of claims contained in the brief is correct.

(4) Status of Amendments After Final

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

(5) Summary of Claimed Subject Matter

The summary of claimed subject matter contained in the brief is correct.

(6) Grounds of Rejection to be Reviewed on Appeal

The appellant's statement of the grounds of rejection to be reviewed on appeal is correct.

(7) Claims Appendix

The copy of the appealed claims contained in the Appendix to the brief is correct.

(8) Evidence Relied Upon

Anthony, Robert N., Reece, James S., and Hertenstein, Julie H., Accounting: Text and Cases, 9th Edition, Richard D. Irwin, Chicago, 1995

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Avery, Susan, "MRO Purchasing Plays Role in Reshaping the Distribution Channel,"

Purchasing, May 20, 1999, p. 108

Ellram, Lisa, "Total Cost of Ownership: Elements and Implementation," International Journal of Purchasing and Materials Management, Fall 1993, pp. 3-11

(9) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

9-1. Claim 1 is rejected under 35 U.S.C. 103(a) as being unpatentable over Anthony, Robert N., Reece, James S., and Hertenstein, Julie H., Accounting: Text and Cases, 9th Edition, Richard D. Irwin, Chicago, 1995, in view of Avery, Susan, "MRO Purchasing Plays Role in Reshaping the Distribution Channel," Purchasing, May 20, 1999, p. 108, in further view of Ellram, Lisa, "Total Cost of Ownership: Elements and Implementation," International Journal of Purchasing and Materials Management, Fall 1993, pp. 3-11. Referring to pp. 612 to 616 of Anthony et al., Anthony et al. discusses a process of allocating overhead costs to products that pass through production cost centers. The first step listed in this process is to allocate the overhead costs among various cost centers, which in Anthony et al. are various departments in the organization. The allocation of business expenditures among departments is the function of the allocation logic in claim 1. In order for the Anthony et al. to allocate overhead costs among

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the departments, Anthony et al. had to define (that is, identify) those departments, which is the function of the department logic in claim 1. Referring to pp. 531-532, Anthony et al. discloses a formula for allocating cost to individual items, stating: "The average cost per unit is simply total cost divided by volume." By volume, Anthony et al. is referring to the number of units of product produced. Allocating costs to individual items processed in departments is the function of the cost logic in claim 1. Since producing products is one way in which products may be processed by a department, Anthony et al. discloses the function of the cost logic in claim 1. It is implied by Anthony et al. that in order to calculate average cost per unit in the above formula, it is necessary to obtain the number of items processed (which is the same as produced in Anthony et al.'s case). That is the function of the item logic in claim 1. Therefore, Anthony et al. discloses the function of the item logic in claim 1. Regarding the use of the term "logic" and the definition in the specification that the word "logic" includes hardware and/or software, refer to pp. 115-118 of Anthony et al., which discloses that computer systems may be used to perform accounting functions. Therefore, the use of a computer system to perform the functions of the logics in claim 1 is disclosed by Anthony et al. While Anthony et al. discloses in some form all of the above elements of claim 1, it does not specifically disclose all of those elements in combination. Anthony et al. is analogous art because it is in the field of applicant's endeavor, that is, business. It would have been obvious to one of ordinary skill in the art at the time of invention to combine the various disclosures in Anthony et al. The motivation would have been to find a convenient way to determine cost per item per department from accounting data.

Anthony et al. fails to disclose wherein the item is supplied with a value-added feature. Avery discloses wherein the item is supplied with a value-added feature (section A; the value-

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added feature is the ability to pay for the item with electronic funds transfer). It would have been obvious to one of ordinary skill in the art at the time of applicant's invention to modify the invention of Anthony et al. such that the item is supplied with a value-added feature, as disclosed by Avery. Avery provides motivation in that the very definition of a value-added service is that it adds value to a product or service, so that is the motivation for having a value-added feature and is implicitly disclosed by section A of Avery.

Anthony et al. and Avery fail to disclose whereby determining the transaction cost of the item accounts for supplier-related costs. Ellram discloses whereby determining the transaction cost of the item accounts for supplier-related costs (p.4, section A; p.7, section B; p. 10, section C). It would have been obvious to one of ordinary skill in the art at the time of applicant's invention to modify the invention of Anthony et al. as modified above in this rejection such that determining the transaction cost of the item accounts for supplier-related costs, as disclosed by Ellram. Motivation is provided by Ellram in that determining cost in such a way can be used to select suppliers (p. 10, section C).

9-2. Claim 2 is rejected under 35 U.S.C. 103(a) as being unpatentable over Anthony et al. in view of Avery in further view of Ellram. Claim 2 depends on claim 1, and Anthony et al., Avery, and Ellram render claim 1 obvious as described in paragraph 7 above. Therefore, those elements of claim 2 which were part of claim 1 are rendered obvious by Anthony et al., Avery, and Ellram. In addition to those elements, claim 2 adds the limitation of time period logic to define a time period for determining the transaction costs of each of the items. Anthony et al. discusses the importance of specifying the relevant time period for a cost analysis on p. 534. Therefore, it discloses the function of the time period logic of claim 2. In addition, Anthony et

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al. discloses the “logic” element of claim 2 on pp. 115-118 in the same way as it disclosed the logic elements of claim 1, described in paragraph 4 above. While Anthony et al. discloses in some form all of the additional individual elements of claim 2, it does not specifically disclose all of those elements in combination with the other elements from Anthony et al. Anthony et al. is analogous art because it is in the field of applicant’s endeavor, that is, business. It would have been obvious to one of ordinary skill in the art at the time of invention to combine the various disclosures in Anthony et al. The motivation would have been to find a convenient way to determine cost per item per department from accounting data.

9-3. Claim 3 is rejected under 35 U.S.C. 103(a) as being unpatentable over Anthony et al. in view of Avery in further view of Ellram. Claim 3 depends on claim 2, and Anthony et al., Avery, and Ellram render claim 2 obvious as described in paragraph 8 above. Therefore, those elements of claim 3 which were part of claim 2 are rendered obvious by Anthony et al., Avery, and Ellram. In addition to those elements, claim 3 adds the limitation of an interface so that a user can enter various input data for the system. Anthony et al. discloses an interface like that on p. 116. For example, Anthony et al. states: “In some computer systems data are entered by a data-entry clerk (using a keyboard) who copies them from a paper record such as a sales order or purchase order.” While Anthony et al. discloses in some form all of the additional individual elements of claim 3, it does not specifically disclose all of those elements in combination with the other elements from Anthony et al. Anthony et al. is analogous art because it is in the field of applicant’s endeavor, that is, business. It would have been obvious to one of ordinary skill in the art at the time of invention to combine the various disclosures in Anthony et al. The motivation

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would have been to find a convenient way to determine cost per item per department from accounting data.

9-4. Claim 4 is rejected under 35 U.S.C. 103(a) as being unpatentable over Anthony et al. in view of Avery in further view of Ellram. Claim 4 depends on claim 1, and Anthony et al., Avery, and Ellram render claim 1 obvious as described in paragraph 7 above. Therefore, those elements of claim 4 which were part of claim 1 are rendered obvious by Anthony et al., Avery, and Ellram. In addition to those elements, claim 4 adds the limitation of expenditure logic to obtain one or more of the business expenditures. Anthony et al. discloses an accounting computer system that uses a more general form of logic on p. 116, where it states: "In other systems the computer accepts input data from equipment located at the point of origin." Such a computer system must have logic for obtaining data from other equipment. Even though Anthony et al. does not explicitly mention that system being used to obtain business expenditure data, that would be an obvious possibility for an accounting computer system. While Anthony et al. discloses in some form all of the additional individual elements of claim 4, it does not specifically disclose all of those elements in combination with the other elements from Anthony et al. Anthony et al. is analogous art because it is in the field of applicant's endeavor, that is, business. It would have been obvious to one of ordinary skill in the art at the time of invention to combine the various disclosures in Anthony et al. The motivation would have been to find a convenient way to determine cost per item per department from accounting data.

9-5. Claim 5 is rejected under 35 U.S.C. 103(a) as being unpatentable over Anthony et al. in view of Avery in further view of Ellram. Claim 5 depends on claim 1, and Anthony et al., Avery, and Ellram render claim 1 obvious as described in paragraph 7 above. Therefore, those

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elements of claim 5 which were part of claim 1 are rendered obvious by Anthony et al., Avery, and Ellram. In addition to those elements, claim 5 adds the limitation of the department logic comprising logic for defining a physical space measurement associated with each of the one or more departments. Anthony et al. discloses a method for allocating overhead costs to various costs centers (for which Anthony et al. uses different organizational departments as an example). On pp. 612-613, Anthony et al. states: "For example, the costs of lighting and heating the production facilities and the rent on these facilities are assigned to the various cost centers based on the proportion of the facilities' total square footage occupied by each cost center. That is, a cost center occupying 10 percent of the total space will be allocated 10 percent of these occupancy costs." In order to allocate costs based on departmental size, it is implied that one must first identify the physical size of each department. Therefore, Anthony et al. discloses the additional limitation of claim 5. While Anthony et al. discloses in some form all of the additional individual elements of claim 5, it does not specifically disclose all of those elements in combination with the other elements from Anthony et al. Anthony et al. is analogous art because it is in the field of applicant's endeavor, that is, business. It would have been obvious to one of ordinary skill in the art at the time of invention to combine the various disclosures in Anthony et al. The motivation would have been to find a convenient way to determine cost per item per department from accounting data.

9-6. Claim 6 is rejected under 35 U.S.C. 103(a) as being unpatentable over Anthony et al. in view of Avery in further view of Ellram. Claim 6 depends on claim 1, and Anthony et al., Avery, and Ellram render claim 1 obvious as described in paragraph 7 above. Therefore, those elements of claim 6 which were part of claim 1 are rendered obvious by Anthony et al., Avery,

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and Ellram. In addition to those elements, claim 6 adds the limitation of the allocation logic comprising logic to define the allocation of business expenditures to each of the departments based on at least one of a predetermined monetary amount and a proportion of the business expenditures. Anthony et al. discloses both of these methods of allocation in its example of allocating overhead costs to cost centers (departments in Anthony et al.'s example). On p. 612, Anthony et al. states: "First, any cost item that can be uniquely associated with a cost center is directly charged to that center. For example, supervision costs are directly assigned to the specific cost centers in which the supervisors work." Therefore, Anthony et al. discloses the idea of allocating a set monetary amount (for example, the supervision cost of a particular department's supervisor) to a department. On p. 613, Anthony et al. states: "Similarly, the cost of the plant nurse's office is allocated to the five cost centers based on their proportionate headcount." Therefore, Anthony et al. discloses the concept of allocating business expenditures based on proportions. While Anthony et al. discloses in some form all of the additional individual elements of claim 6, it does not specifically disclose all of those elements in combination with the other elements from Anthony et al. Anthony et al. is analogous art because it is in the field of applicant's endeavor, that is, business. It would have been obvious to one of ordinary skill in the art at the time of invention to combine the various disclosures in Anthony et al. The motivation would have been to find a convenient way to determine cost per item per department from accounting data.

9-7. Claim 7 is rejected under 35 U.S.C. 103(a) as being unpatentable over Anthony et al. in view of Avery in further view of Ellram. Claim 7 depends on claim 5, and Anthony et al., Avery, and Ellram render claim 5 obvious as described in paragraph 11 above. Therefore, those

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elements of claim 7 which were part of claim 5 are rendered obvious by Anthony et al., Avery, and Ellram. In addition to those elements, claim 7 adds the limitation of the allocation logic comprising logic to define the allocation of business expenditures to each of the departments based on at least one of a physical space measurement of each department, a predetermined monetary amount, and a proportion of the business expenditures. Two of those methods of allocation, predetermined monetary amount and proportion of business expenditures, represented the limitation added to claim 1 by claim 6. Those methods of allocation were rendered obvious by Anthony et al. in the way described in paragraph 12 above. Referring to the other method of allocation, on pp. 612-613, Anthony et al. states: "For example, the costs of lighting and heating the production facilities and the rent on these facilities are assigned to the various cost centers based on the proportion of the facilities' total square footage occupied by each cost center. That is, a cost center occupying 10 percent of the total space will be allocated 10 percent of these occupancy costs." Therefore, the allocation of business expenditures based on physical space occupied is also disclosed by Anthony et al.. While Anthony et al. discloses in some form all of the additional individual elements of claim 7, it does not specifically disclose all of those elements in combination with the other elements from Anthony et al. Anthony et al. is analogous art because it is in the field of applicant's endeavor, that is, business. It would have been obvious to one of ordinary skill in the art at the time of invention to combine the various disclosures in Anthony et al. The motivation would have been to find a convenient way to determine cost per item per department from accounting data.

9-8. Claim 8 is rejected under 35 U.S.C. 103(a) as being unpatentable over Anthony et al. in view of Avery in further view of Ellram. Claim 8 depends on claim 1, and Anthony et al.,

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Avery, and Ellram render claim 1 obvious as described in paragraph 7 above. Therefore, those elements of claim 8 which were part of claim 1 are rendered obvious by Anthony et al., Avery, and Ellram. In addition to those elements, claim 8 adds the limitation of cost logic which calculates cost per item per department by summing all business expenditures allocated to a department and dividing the total by the number of items. Referring to pp. 531-532, Anthony et al. discloses a formula for allocating cost to individual items, stating: "The average cost per unit is simply total cost divided by volume." By volume, Anthony et al. is referring to the number of units of product produced. Since producing products is one way in which products may be processed by a department, Anthony et al. is disclosing claim 8's additional limitation of calculating cost of an item to a department processing it by summing to find a total cost and dividing that total cost by the number of items processed. While Anthony et al. discloses in some form all of the additional individual elements of claim 8, it does not specifically disclose all of those elements in combination with the other elements from Anthony et al. Anthony et al. is analogous art because it is in the field of applicant's endeavor, that is, business. It would have been obvious to one of ordinary skill in the art at the time of invention to combine the various disclosures in Anthony et al. The motivation would have been to find a convenient way to determine cost per item per department from accounting data.

9-9. Claim 9 is rejected under 35 U.S.C. 103(a) as being unpatentable over Anthony et al. in view of Avery in further view of Ellram. Claim 9 depends on claim 8, and Anthony et al., Avery, and Ellram render claim 8 obvious as described in paragraph 14 above. Therefore, those elements of claim 9 which were part of claim 8 are rendered obvious by Anthony et al., Avery, and Ellram. In addition to those elements, claim 9 adds the limitation of cost logic which also

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calculates cost of an item to a business by adding the individual costs of the item for each department. Refer to the table at the bottom of p. 616 of Anthony et al. The example which the table represents is for a job cost system. The table shows that the overhead cost of the job for three divisions of the organization were first each individually calculated. Then the total overhead cost of the job to the business was calculated by summing the divisional overhead costs. Anthony et al. discloses that divisional costs for a unit of production can be added across the divisions in an organization to calculate a corresponding total cost of that unit of production to the organization as a whole. Thus, claim 9's additional limitation would be obvious in view of Anthony et al. While Anthony et al. renders each additional individual element of claim 9 obvious as described above, it does not specifically disclose all of those elements in combination with the other elements from Anthony et al. Anthony et al. is analogous art because it is in the field of applicant's endeavor, that is, business. It would have been obvious to one of ordinary skill in the art at the time of invention to combine the various disclosures in Anthony et al. The motivation would have been to find a convenient way to determine cost per item per department and cost per item for the business from accounting data.

9-10. Claim 10 is rejected under 35 U.S.C. 103(a) as being unpatentable over Anthony et al. in view of Avery in further view of Ellram. Claim 10 depends on claim 1, and Anthony et al., Avery, and Ellram render claim 1 obvious as described in paragraph 7 above. Therefore, those elements of claim 10 which were part of claim 1 are rendered obvious by Anthony et al., Avery, and Ellram. In addition to those elements, claim 10 adds the limitation of the apparatus of claim 1 being in the form of computer software. On p. 117 of Anthony et al., in the context of discussing accounting computer systems, Anthony et al. states: "Hundreds of software programs

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are available. Some provide a complete set of modules for a small enterprise for a few hundred dollars; for a larger company the cost may be several thousand dollars. Some programs are designed for a specific industry (for example, time-intensive professional service businesses such as law, accounting, and architectural firms). These software programs can handle quantitative nonmonetary data as well as monetary data. Manual accounting systems, by contrast, are limited primarily to monetary data.” Thus, Anthony et al. discloses that accounting computer systems can take the form of software. While Anthony et al. discloses in some form all of the additional individual elements of claim 10, it does not specifically disclose all of those elements in combination with the other elements from Anthony et al. Anthony et al. is analogous art because it is in the field of applicant’s endeavor, that is, business. It would have been obvious to one of ordinary skill in the art at the time of invention to combine the various disclosures in Anthony et al. The motivation would have been to find a convenient way to determine cost per item per department from accounting data.

9-11. Claim 11 is rejected under 35 U.S.C. 103(a) as being unpatentable over Anthony et al. in view of Avery in further view of Ellram. This claim is simply claim 1 without the item logic element, without any mention of the word “logic,” and with some of the remaining elements expressed in terms of “means for” language instead of logics for performing various functions. The means for defining the departments, the means for defining allocation of business expenditures, and the means for determining the transaction costs are all disclosed by Anthony et al. in the same ways as given in paragraph 7 for department logic’s function, allocation logic’s function, and cost logic’s function, respectively. While Anthony et al. discloses in some form some of the individual elements of claim 11, it does not specifically disclose all of those

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elements in combination. Anthony et al. is analogous art because it is in the field of applicant's endeavor, that is, business. It would have been obvious to one of ordinary skill in the art at the time of invention to combine the various disclosures in Anthony et al. The motivation would have been to find a convenient way to determine cost per item per department from accounting data. For the remaining elements of claim 11, see paragraph 7; the rationale for the rejection for those elements are the same as in that paragraph.

9-12. Claim 12 is rejected under 35 U.S.C. 103(a) as being unpatentable over Anthony et al. in view of Avery. The coverage of this claim is virtually identical to claim 1, except that it is in the form of a method claim, there is no mention of logic or computers, it adds the "outputting the transaction cost" step, and it lacks the "whereby determining the transaction cost of the item accounts for supplier-related costs" limitation. For all of the limitations claim 12 shares with claim 1, the rationales for those limitations for this rejection are the same as for those limitations in paragraph 7 above. Regarding outputting the transaction cost, Anthony et al. discloses outputting information (see the paragraph at the bottom of p. 116 and the top of p. 117). It would have been obvious to one of ordinary skill in the art at the time of applicant's invention to combine the other elements disclosed by Anthony et al. with outputting information, which is also disclosed in Anthony et al. Motivation is provided by Anthony et al. in that outputting information can allow computer-based systems to prepare reports that include tables of numbers or graphs (last paragraph, p. 116).

9-13. Claim 13 is rejected under 35 U.S.C. 103(a) as being unpatentable over Anthony et al in view of Avery. The coverage of this claim is virtually identical to claim 2, except that it is in the form of a method claim, there is no mention of logic or computers, it adds the "outputting the

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transaction cost” step, and it lacks the “whereby determining the transaction cost of the item accounts for supplier-related costs” limitation. For all of the limitations claim 13 shares with claim 2, the rationales for those limitations for this rejection are the same as for those limitations in paragraph 8 above. Regarding outputting the transaction cost, Anthony et al. discloses outputting information (see the paragraph at the bottom of p. 116 and the top of p. 117). It would have been obvious to one of ordinary skill in the art at the time of applicant’s invention to combine the other elements disclosed by Anthony et al. with outputting information, which is also disclosed in Anthony et al. Motivation is provided by Anthony et al. in that outputting information can allow computer-based systems to prepare reports that include tables of numbers or graphs (last paragraph, p. 116).

9-14. Claim 14 is rejected under 35 U.S.C. 103(a) as being unpatentable over Anthony et al. in view of Avery. Claim 14 depends on claim 13, and Anthony et al. and Avery render claim 13 obvious as described in paragraph 19 above. Therefore, those elements of claim 14 which were part of claim 13 are rendered obvious by Anthony et al and Avery. In addition to those elements, claim 14 adds the step of obtaining business expenditures in the time period for cost evaluation. This step was already implied by the prior art used to reject claim 12, on which this claim is indirectly dependent. That prior art (pp. 612-614 of Anthony et al.) described allocating overhead costs to various cost centers (departments in the example), which made obvious claim 12’s step of allocating business expenditures to defined departments. Naturally, costs cannot be allocated unless such data is first obtained. Thus, obtaining cost data was an implied step in Anthony et al.’s description of allocating overhead costs to departments. Therefore, Anthony et al. renders claim 14’s limitation of obtaining business expenditures in the time period for cost

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evaluation obvious. (That the business expenditures obtained would be for the time period of cost evaluation is an obvious extension of claim 13's defining a time period of cost evaluation, which of course was explained to be obvious in paragraph 19 above.) While Anthony et al. renders each additional individual element of claim 14 obvious, as described above, it does not specifically disclose all of those elements in combination with the other elements from Anthony et al. Anthony et al. is analogous art because it is in the field of applicant's endeavor, that is, business. It would have been obvious to one of ordinary skill in the art at the time of invention to combine the various disclosures in Anthony et al. The motivation would have been to find a convenient way to determine cost per item per department from accounting data.

9-15. Claim 15 is rejected under 35 U.S.C. 103(a) as being unpatentable over Anthony et al. in view of Avery. The coverage of this claim is virtually identical to claim 6, except that it is in the form of a method claim, there is no mention of logic or computers, it adds the "outputting the transaction cost" step, and it lacks the "whereby determining the transaction cost of the item accounts for supplier-related costs" limitation. For all of the limitations claim 15 shares with claim 6, the rationales for those limitations for this rejection are the same as for those limitations in paragraph 12 above. Regarding outputting the transaction cost, Anthony et al. discloses outputting information (see the paragraph at the bottom of p. 116 and the top of p. 117). It would have been obvious to one of ordinary skill in the art at the time of applicant's invention to combine the other elements disclosed by Anthony et al. with outputting information, which is also disclosed in Anthony et al. Motivation is provided by Anthony et al. in that outputting information can allow computer-based systems to prepare reports that include tables of numbers or graphs (last paragraph, p. 116).

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9-16. Claim 16 is rejected under 35 U.S.C. 103(a) as being unpatentable over Anthony et al. in view of Avery. The coverage of this claim is virtually identical to that of claim 7, except that it is in the form of a method claim, there is no mention of logic or computers, it adds the “outputting the transaction cost” step, and it lacks the “whereby determining the transaction cost of the item accounts for supplier-related costs” limitation. For all of the limitations claim 16 shares with claim 7, the rationales for those limitations for this rejection are the same as for those limitations in paragraph 13 above. Regarding outputting the transaction cost, Anthony et al. discloses outputting information (see the paragraph at the bottom of p. 116 and the top of p. 117). It would have been obvious to one of ordinary skill in the art at the time of applicant’s invention to combine the other elements disclosed by Anthony et al. with outputting information, which is also disclosed in Anthony et al. Motivation is provided by Anthony et al. in that outputting information can allow computer-based systems to prepare reports that include tables of numbers or graphs (last paragraph, p. 116).

9-17. Claim 17 is rejected under 35 U.S.C. 103(a) as being unpatentable over Anthony et al. in view of Avery. The coverage of this claim is virtually identical to claim 8, except that it is in the form of a method claim, there is no mention of logic or computers, it adds the “outputting the transaction cost” step, and it lacks the “whereby determining the transaction cost of the item accounts for supplier-related costs” limitation. For all of the limitations claim 17 shares with claim 8; the rationales for those limitations for this rejection are the same as for those limitations in paragraph 14 above. Regarding outputting the transaction cost, Anthony et al. discloses outputting information (see the paragraph at the bottom of p. 116 and the top of p. 117). It would have been obvious to one of ordinary skill in the art at the time of applicant’s invention to

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combine the other elements disclosed by Anthony et al. with outputting information, which is also disclosed in Anthony et al. Motivation is provided by Anthony et al. in that outputting information can allow computer-based systems to prepare reports that include tables of numbers or graphs (last paragraph, p. 116).

9-18. Claim 18 is rejected under 35 U.S.C. 103(a) as being unpatentable over Anthony et al. in view of Avery. The coverage of this claim is virtually identical to claim 9, except that it is in the form of a method claim, there is no mention of logic or computers, it adds the “outputting the transaction cost” step, and it lacks the “whereby determining the transaction cost of the item accounts for supplier-related costs” limitation. For all of the limitations claim 18 shares with claim 9, the rationales for those limitations for this rejection are the same as for those limitations in paragraph 15 above. Regarding outputting the transaction cost, Anthony et al. discloses outputting information (see the paragraph at the bottom of p. 116 and the top of p. 117). It would have been obvious to one of ordinary skill in the art at the time of applicant’s invention to combine the other elements disclosed by Anthony et al. with outputting information, which is also disclosed in Anthony et al. Motivation is provided by Anthony et al. in that outputting information can allow computer-based systems to prepare reports that include tables of numbers or graphs (last paragraph, p. 116).

9-19. Claim 19 is rejected under 35 U.S.C. 103(a) as being unpatentable over Anthony et al. in view of Avery. The coverage of this claim is virtually identical to claim 11, except that claim 19 takes the system of claim 11 and embodies it in the form of software, leaves out the “whereby determining the transaction cost of the item accounts for supplier-related costs” limitation, and adds the “output the transaction cost” limitation. Therefore, all of the elements of claim 19,

except for the software element and the “output the transaction cost” limitation, are obvious in view of Anthony et al. for the same reasons given in paragraph 17 for claim 11. Regarding the additional software element of claim 19, on p. 117 of Anthony et al., in the context of discussing accounting computer systems, Anthony et al. states: “Hundreds of software programs are available. Some provide a complete set of modules for a small enterprise for a few hundred dollars; for a larger company the cost may be several thousand dollars. Some programs are designed for a specific industry (for example, time-intensive professional service businesses such as law, accounting, and architectural firms). These software programs can handle quantitative nonmonetary data as well as monetary data. Manual accounting systems, by contrast, are limited primarily to monetary data.” Thus, Anthony et al. discloses that there are accounting computer systems that can take the form of software. While Anthony et al. discloses the software element of claim 19, it does not specifically disclose that element in combination with all of the other elements of claim 19 that it discloses. Anthony et al. is analogous art because it is in the field of applicant’s endeavor, that is, business. It would have been obvious to one of ordinary skill in the art at the time of invention to combine the various disclosures in Anthony et al. The motivation would have been to find a convenient way to determine cost per item per department from accounting data. Regarding outputting the transaction cost, Anthony et al. discloses outputting information (see the paragraph at the bottom of p. 116 and the top of p. 117). It would have been obvious to one of ordinary skill in the art at the time of applicant’s invention to combine the other elements disclosed by Anthony et al. with outputting information, which is also disclosed in Anthony et al. Motivation is provided by Anthony et al. in that outputting information can

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allow computer-based systems to prepare reports that include tables of numbers or graphs (last paragraph, p. 116).

9-20. Claim 20 is rejected under 35 U.S.C. 103(a) as being unpatentable over Anthony et al. in view of Avery in further view of Ellram. This claim is identical to claim 1, with the further limitation of being able to define a department for transacting the item if the item is supplied without the value-added feature. This limitation is simply disclosed by ignoring the part of the rejection related to the Avery reference, which specified the situation in which the item is supplied with the value-added feature. The remaining limitations of claim 20 are incorporated into claim 1, and those limitations are disclosed for claim 20 in the same way they were disclosed for claim 1.

9-21. Claim 21 is rejected under 35 U.S.C. 103(a) as being unpatentable over Anthony et al. in view of Avery in further view of Ellram. This claim is identical to claim 11, with the further limitation of being able to define a department for transacting the item if the item is supplied without the value-added feature. This limitation is simply disclosed by ignoring the part of the rejection related to the Avery reference, which specified the situation in which the item is supplied with the value-added feature. The remaining limitations of claim 21 are incorporated into claim 11, and those limitations are disclosed for claim 21 in the same way they were disclosed for claim 11.

9-22. Claim 22 is rejected under 35 U.S.C. 103(a) as being unpatentable over Anthony et al. in view of Avery. This claim is identical to claim 12, with the further limitation of being able to define a department for processing the item if the item is supplied without the value-added feature. This limitation is simply disclosed by ignoring the part of the rejection related to the

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Avery reference, which specified the situation in which the item is supplied with the value-added feature. The remaining limitations of claim 22 are incorporated into claim 12, and those limitations are disclosed for claim 22 in the same way they were disclosed for claim 12.

9-23. Claim 23 is rejected under 35 U.S.C. 103(a) as being unpatentable over Anthony et al. in view of Avery. This claim is identical to claim 19, with the further limitation of being able to define a department for processing the item if the item is supplied without the value-added feature. This limitation is simply disclosed by ignoring the part of the rejection related to the Avery reference, which specified the situation in which the item is supplied with the value-added feature. The remaining limitations of claim 23 are incorporated into claim 19, and those limitations are disclosed for claim 23 in the same way they were disclosed for claim 19.

9-24. Claim 24 is rejected under 35 U.S.C. 103(a) as being unpatentable over Anthony et al. in view of Avery in further view of Ellram. This claim depends from claim 1, and thus this rejection incorporates all of the prior art rejection for claim 1 above. In addition, Anthony et al. fails to disclose wherein the value-added feature is one of bar-coded packaging and support for electronic payment. Avery discloses wherein the value-added feature is support for electronic payment (section A). It would have been obvious to one of ordinary skill in the art at the time of applicant's invention to modify the invention of Anthony et al. such that the value-added feature is support for electronic payment, as disclosed by Avery. Avery provides motivation in that it describes electronic funds transfer as a value-added service, and the very definition of a value-added service is that it adds value to a product or service, so that is the motivation for having a value-added feature and is implicitly disclosed by section A of Avery.

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9-25. Claim 25 is rejected under 35 U.S.C. 103(a) as being unpatentable over Anthony et al. in view of Avery. This claim depends from claim 12, and thus this rejection incorporates all of the prior art rejection for claim 12 above. Anthony et al. fails to disclose wherein outputting the information includes one of displaying the information, printing the information, and storing the information. However, displaying information, as via a computer monitor, was well-known in the art at the time of applicant's invention. It would have been obvious to one of ordinary skill in the art at the time of applicant's invention to modify the invention of Anthony et al. such that outputting the information includes displaying the information, as was well-known in the art at the time of applicant's invention. Motivation is provided in that it was well-known by a person of ordinary skill in the art at the time of applicant's invention that displaying information allows one to see the results of a computer operation.

(10) Response to Argument

10-1. Examiner would first like to address the issue of analogous art. The analogous-art test requires that a reference is either in the field of the applicant's endeavor or is reasonably pertinent to the problem with which the inventor was concerned in order to rely on that reference as a basis for rejection. In re Kahn, 78 USPQ2d 1329, 1335-1336 (Fed. Cir. 2006). References are selected as being reasonably pertinent to the problem based on the judgment of a person having ordinary skill in the art. Id. at 1336. It is necessary to consider the reality of the circumstances, - in other words, common sense - in deciding in which fields a person of ordinary skill would reasonably be expected to look for a solution to the problem facing the inventor. Id. This test begins the inquiry into whether a skilled artisan would have been motivated to combine

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references by defining the prior art relevant for the obviousness determination and is meant to defend against hindsight. Id.

All three references used in the rejections of the claims under 35 U.S.C. 103, Anthony et al., Avery, and Ellram, are analogous art because they are in the same field of applicant's endeavor, specifically business methods. Even more specifically, Anthony et al. and Ellram are in the field of endeavor of accounting, and Avery and Ellram are in the field of endeavor of purchasing, which are both fields of endeavor of applicant's invention. Therefore, the references used as prior art are analogous art.

10-2. Examiner will address applicant's arguments initially with respect to independent claim 12, as it is broader in some ways than independent claim 1. Claim 12's elements/limitations parallel many elements/limitations of claim 1, and thus those elements/limitations which applicant argues with respect to claim 1 which appear in claim 12 will be addressed with respect to claim 12. Applicant first argues that the references fail to disclose defining one or more departments which produce cost-driving transactions including a department for processing the item if the item is supplied with a value-added feature. Examiner uses two prior art references in combination to disclose this element/limitation. Specifically, Examiner uses Anthony et al. to disclose "defining one or more departments which produce cost-driving transactions including a department for processing the item" (pp. 612-616, refer to the rejections in this Examiner's Answer above for details) and uses Avery to disclose "wherein the item is supplied with a value-added feature" (section A; refer to the rejections in this Examiner's Answer above for details). Applicant alleges that there was insufficient motivation to combine that element/limitation of

Avery with Anthony et al. and that Examiner used impermissible hindsight in making the combination of Avery and Anthony et al.

In many, if not most, situations, there is neither a motivation to make the modification clearly articulated in the references nor an evident lack of motivation. Rather, the prior art references typically disclose elements or aspects of the claimed subject matter, but fail to specifically point the way toward the combination, substitution, or other modification needed to arrive at the invention. A judgment must be made whether “a person of ordinary skill in the art would have had sufficient motivation to combine the individual [elements] forming the claimed [invention].” In re Clinton, 527 F.2d 1226, 1228, 188 USPQ 365,367 (CCPA 1976).

Section A, the cited section of Avery, states: “Electronic commerce. For wholesaler distributors who have traditionally focused on the physical movement and storage of goods, e-commerce will require a shift in thinking. Wholesalers will need to anticipate customer needs for information and provide it in a logically structured, user-friendly way. They will need to explore with their customers what they consider the next generation of value-added services - 24hour online order entry, electronic funds transfer, real-time inventory and order status checks, and comparative product information.” It should be noted, with respect to the rejection of claim 12, that Avery is only used to disclose the element/limitation of “wherein the item is supplied with a value-added feature.” In light of the above cite of Avery, it should be clear that such an element/limitation is disclosed. The cite explicitly discloses wholesaler distributors of goods providing value-added services to their customers. Furthermore, an example of such a value-added service, electronic funds transfer, provided by Avery is also explicitly mentioned as an example of a value-added feature in applicant’s specification (paragraph [0004], “Another value

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added feature is “electronic funds transfer” (EFT) which reduces the cost of issuing invoices for accounts payable.”) This supports that applicant’s application and Avery are referring to the same concept when using the word “value-added.”

Next, specifically addressing the motivation to combine Anthony et al. with Avery, Examiner did indeed provide sufficient motivation to combine the references. Referring to the rejection of claim 1, to which claim 12 referred to for the disclosure of Avery, Examiner stated: “Avery provides motivation in that the very definition of a value-added service is that it adds value to a product or service, so that is the motivation for having a value-added feature and is implicitly disclosed by section A of Avery.” In light of applicant’s arguments, Examiner finds it appropriate to further explain this statement. As stated above, Avery is used to disclose the element/limitation of “wherein the item is supplied with a value-added feature.” Therefore, the appropriate motivation to be provided for that element/limitation is that motivation which would lead a person of ordinary skill in the art at the time of applicant’s invention to modify the item disclosed in Anthony et al. such that it is supplied with a value-added feature. The advantage of an item having a value-added feature is immediately apparent simply from the language of “value-added.” The language “value-added” indicates the addition of value. The addition of value to an item is sufficient motivation to make an item a value-added item. Therefore, Examiner did indeed provide appropriate motivation to combine Anthony et al. and Avery to incorporate that element/limitation and did not use impermissible hindsight, as alleged by applicant.

10-3. In footnote 4 on p. 15 of applicant’s appeal brief, applicant states that Examiner implied on p. 2 of the Advisory Action that the patentability of the dependent claims is predicated on the

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patentability of the independent claims. This was not the intended meaning of Examiner's language. In the previous After-Final Amendment, applicant had argued that the independent claims were patentable, and, thus, that the dependent claims were patentable, at least by virtue of their dependency. Examiner stated in response: "Since claims 1, 11, 12, and 19 are the only independent claims in the application and are not patentable, none of the dependent claims would be patentable either." Examiner was simply trying to state that the dependent claims could not be patentable by virtue of their dependency on the independent claims because the independent claims were not patentable. Examiner did not intend to imply that a dependent claim was not narrower than the independent claim from which it depends or cannot be patentable when its independent claim is not. Examiner apologizes for the unfortunate wording of that language in the Advisory Action and any confusion caused.

10-4. Applicant further argues with respect to claim 8 that the proposed combination of references does not disclose all of the claimed limitations of dependent claim 8. In support of this argument, applicant states that claim 8 recites: "logic to sum the business expenditures allocated to each department transacting the item; and logic to divide the sum for each department transacting the item by the number of items transacted in the respective departments." Applicant then indicates that not all limitations of this claim are disclosed by Examiner's reference because the reference is simply used to disclose "The average cost per unit is simply total cost divided by volume." However, in the rejection for claim 8, Examiner also stated that Anthony et al., Avery, and Ellram rendered claim 1 obvious, and, thus, due to the dependency of claim 8 on claim 1, those elements of claim 8 which were part of claim 1 are rendered obvious by Anthony et al., Avery, and Ellram. Referring to claim 1, claim 1 discloses

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the elements/limitations of “cost logic to determine the transaction cost of the item,” using various “logics” to perform functions, “an allocation of business expenditures attributable to each department,” “each of the departments transacting the item,” “a number of items transacted in each department,” and “determine the transaction cost of the item in each of the departments.” The only new element/limitation provided in claim 8 was dividing a total cost by a number of items to calculate cost per item, which is what the reference was used to disclose. Therefore, applicant’s argument with respect to this issue is not persuasive.

10-5. Applicant further argues with respect to claim 20 that the combination of prior art references fails to disclose both a first department for transacting the item if the item is supplied with the value-added feature and a second department for transacting the item if the item is supplied without the value-added feature. As originally indicated in the rejection for claim 20, the rejection for claim 1 discloses wherein an item is supplied with the value-added feature while wherein an item is supplied without the value-added feature is disclosed simply by ignoring the addition of the Avery reference. There is no reason that a company with an accounting system which did not address value-added items cannot modify one or more of its departments in light of the motivation for combining Avery given in claim 1’s rejection such that there are departments that process value-added items and departments that process non-value-added items. Therefore, applicant’s argument with respect to claim 20 is not persuasive.

(11) Related Proceeding(s) Appendix


No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner’s answer.

For the above reasons, it is believed that the rejections should be sustained.

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Respectfully submitted,

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Art Unit 3628


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